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CMCC Doc. No. 151X5.667

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Dear Dan:

We are enclosing our proposal covering the development and fabrication of two System 5 Mls. These are the two additional systems it was decided to build the latter part of April and which were delivered in May and early July. We are designating this version of System 5 "Mod 1" to differentiate it from the earlier System 5 produced in the Fall of 1956. It is a substantially different system in construction, operation, and capability. As a result there is a substantial difference in cost between the original System 5 and System 5 M1. The accompanying technical exhibit describes the essential features of the system and briefly sets forth its performance capabilities.

As you know, the System 4 antenna system and recording system were utilized in System 5 M1, and the necessary components for the fabrication of the two systems were taken from the prototype and first production units of System 4. These components had to be replaced later for System 4 use. Our cost estimate sets forth the labor and materials directly used in the fabrication and assembly of the System 5's and also lists the items transferred from System 4 with estimated costs for each. It is our plan to transfer this funding back to the System 4 program to cover the costs of replacing those items which were borrowed for the System 5 program.

25X1 The estimated cost per system is _____ and the estimated
25X1 cost for the two units fabricated is _____ the fixed fee at _____
25X1 is _____ and the estimated cost including fee is _____

These units are now funded in the contract at a substantially lower estimated amount. The accompanying proposal should provide a basis for firm funding of this item in the contract.

Sincerely,


Dean

*Added by
Amendment NO
14. DGA*

Enclosures:

Copies 1-3 of 6 Copies of the
following CMCC Doc. Nos.
1131X5.108 1134X5.47
1132X5.137 1133X5.43 (5 cys)

CC: H. A. W. - AGO

Copy 4 of the above except 1133X5.43

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